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Panel Urges Higher Fuel Efficiency for Automobiles

By KEITH BRADSHER

DETROIT, July 16 — A federal panel that President Bush has said will help him decide whether and how much to increase fuel economy standards has recommended in a draft report that the government require automakers to improve the mileage of new vehicles.

The draft report also says significant improvements can be made using new engine technologies inexpensive enough to pay for themselves through savings on gasoline over the typical life of a vehicle.

The 13-member panel, appointed by the National Academy of Sciences, consists mainly of engineers and consultants who have worked for the auto and oil industries, along with some economists and retired oil executives. It does not include anyone from the environmental movement. Indeed, environmental and consumer groups have in recent months criticized the panel, fearing it would be biased toward the auto industry.

The government has not raised fuel economy standards significantly since 1984. Ford Motor (news/quote), General Motors (news/quote) and DaimlerChrysler (news/quote) have all pledged to improve the mileage of their sport utility vehicles. And a House subcommittee voted last week for a small increase in fuel economy standards for sport utility vehicles, pickups and minivans.

But the federal panel argues that considerably greater improvements can be made without penalizing drivers financially, if the savings on gasoline are counted.

The report does not recommend specific improvements in miles per gallon. But it states among its findings that the fuel economy of new vehicles, especially sport utility vehicles and pickup trucks, could be raised by as much as 8 to 11 miles a gallon over the next 6 to 10 years, with the extra cost offset by the savings on gasoline over the typical 14-year life of the vehicle.

The report also takes aim at the way automakers have taken advantage of rules intended to encourage the use of ethanol. G.M., Ford and DaimlerChrysler are now producing close to a million vehicles that can burn either gasoline or nearly pure ethanol, so as to qualify for fuel- economy credits that allow these vehicles to count as though they achieved double or triple the fuel economy they actually produce.

Yet virtually none of these vehicles actually burn ethanol. Barely 1 in 1,000 service stations sell nearly pure ethanol and automakers have made little effort to tell consumers that they have bought vehicles that could burn nearly pure ethanol.

The report recommends that "credits for dual-fuel vehicles should be eliminated, with a long enough lead time to limit adverse financial impacts on the automotive industry."

A copy of the report's lengthy executive summary, 14 findings and six recommendations was provided to The New York Times (news/quote) by a person who wanted to make sure that the report received wide attention. The panel, headed by Paul R. Portney, an economist who is the president of a nonprofit research firm, has kept secret the entire draft report.

Claire Buchan, deputy White House press secretary, said that the White House did not have a copy of the report but that the president had said Transportation Secretary Norman Y. Mineta would advise him on whether and how to change fuel economy standards, after giving due consideration not only to the report but also to passenger safety, economic effects and the American auto industry's competitiveness.

Chet Lunner, a spokesman for the Transportation Department, which administers fuel-economy rules, declined to comment, saying that the panel had not yet briefed the administration nor provided a copy of the report.

Gloria Bergquist, a spokeswoman for the Alliance of Automobile Manufacturers, declined to comment on the report, saying that automakers had been unable to obtain a copy. But automakers are generally worried that while it might be technologically possible to build higher-mileage vehicles, consumer demand for such vehicles has been weak, she said.

The auto industry has also argued that making vehicles more fuel-efficient will make them less safe because they might have to be lighter.

But the panel's report is optimistic that new engine technologies can produce fuel-efficiency savings without compromising safety, and notes that safety may actually be improved if automakers are forced to reduce the bulk of the largest sport utilities and pickups, which are especially deadly to other motorists. "Significant fuel economy gains in all vehicles can be achieved with minimal or no weight reduction and therefore

The report noted that weight reductions in cars in the early 1980's led to thousands of additional deaths, but also that much less is known about the effects of weight reductions on the safety of a fleet that now includes many sport utilities and minivans.

The report says that improved fuel economy is possible through the widespread introduction of engine technologies like variable valve timing, which offers greater precision in the combustion of gasoline, and integrated starter-generators, which electrically assist a gasoline engine. Many of these new technologies are now available on sports cars, and Ford has committed itself to introducing integrated starter-generators on Explorer sport utilities as part of the automaker's plan to increase the average fuel economy of its sport utilities by 5 miles a gallon by 2005.

But the report cautions that the large gains in fuel economy that the panel foresees will occur only if all the efficiency provided by these innovations is used to improve gas mileage. Automakers improved engines in the 1990's, but used the improvements to manufacture ever larger and heavier vehicles, notably sport utilities, and to improve acceleration. So instead of improving, the average fuel economy of vehicles sold in the United States has actually been falling for more than a decade.

The draft report says that government regulation would be the most effective way to achieve gains, while stopping short of recommending specific fuel-economy targets. "Selection of a new fuel economy target will require uncertain and difficult trade- offs among environmental benefits, safety, costs, oil import dependence, and consumer preferences, trade- offs the committee believes rightfully reside with elected officials," the report said.

Regulation is needed in part because vehicles with poor fuel economy contribute disproportionately to global warming and the nation's reliance on imported oil, yet these problems affect all Americans, not just those buying the inefficient vehicles, the report says.

The draft report also recommends an overhaul of the current system of fuel-economy regulation, which requires each automaker to produce cars with an average fuel economy of 27.5 miles a gallon and light trucks with an average fuel economy of 20.7 miles a gallon. The report says that this system could be made

more efficient by allowing automakers to trade fuel-economy credits, with automakers that don't meet the standards paying those that do. This idea, favored by many economists, is similar to a system that already allows electric utilities to trade air- pollution credits.

More lenient fuel economy standards for light trucks date back to the 1970's, when these vehicles were mostly pickups used by farmers and small businesses. One of the report's findings criticizes automakers for marketing sport utilities and minivans as substitutes for cars, while designing them so as to continue to qualify as light trucks for fuel-economy purposes.

"The car/truck distinction has been stretched well beyond the original purpose," the report says.

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